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United States Senate

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AGRICULTURE, NUTRITION, AND FORESTRY
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October 14, 2005

The Honorable Mike Johanns
Secretary of Agriculture
United States Department of Agriculture
Room 200-A Jamie L. Whitten Building
Washington, DC 20250

Dear Secretary Johanns:

As the corn harvest in the Middle West continues, additional instances of aflatoxin contamination are turning up in some fields. Regrettably, current Risk Management Agency rules are denying crop insurance protection for corn if the aflatoxin contamination has not been discovered until after the corn has been harvested and put into storage. This denial of coverage is occurring even when producers have completely followed RMA claim procedures. That is because the error rate from the sampling protocol currently in use is in the 25-40 percent range. I urge you to interpret existing language in the crop insurance policies that spell out the duty of the insurer to defer adjustment until the loss can be accurately determined. This step will prevent situations where a sampling error leads to a determination of no aflatoxin for the purposes of indemnification, but the grain faces rejection because the elevator's testing indicates the presence of aflatoxin.

The problem of aflatoxin in corn has been addressed by RMA frequently in recent years in Texas, but the sheer scope of the potential problem in Iowa and elsewhere in the Midwest dictates that RMA exercise more flexibility in this instance. In 2004, there was one-third more corn grown in the 16 drought-stricken counties in Southeastern Iowa than in the entire state of Texas, not to mention the more than 2 billion bushels of corn that are to be harvested in Illinois and Missouri, nearly all of which was subject to extreme or severe drought and could be susceptible to aflatoxin this year. There are simply not enough loss adjusters available to evaluate claims stemming from aflatoxin infection prior to harvest in a timely manner if past practices are utilized. My office has already received reports of Iowa farmers waiting for two or three weeks for a claims adjuster to arrive once a report of aflatoxin contamination has been filed, delaying completion of harvest.

I am aware that the Risk Management Agency is wary of indemnifying stored grain because of deterioration that may occur in the bin. University experts in grain quality assure me that corn, properly stored in Midwest weather conditions, will not experience an increase in the level of aflatoxin. As a result, we believe that this grain will be in the same condition as it was right after it was harvested. Crop insurance adjusters

could certify proper storage procedure, allowing the producer to be covered until such time the grain is delivered to the elevator.

An ancillary issue regarding aflatoxin contamination arises when the level of aflatoxin is so high that the corn must be destroyed. Insurance adjusters can determine loss from a standing crop of corn, while the Farm Service Agency requires the crop to be harvested before a farmer is eligible for a Loan Deficiency Payment (LDP). I request that aflatoxin-tainted corn be treated in a similar fashion as corn used for silage, which is removed from the field to feed to livestock but not harvested for market, and be eligible for an LDP based on the claims adjuster's estimate of yield.

I appreciate your review of the issues raised above. Please direct your response to the attention of Stephanie Mercier on the Committee staff. Thank you for your prompt consideration of this request.

Sincerely,

A handwritten signature in blue ink that reads "Tom Harkin". The signature is fluid and cursive, with a large initial "T" and a distinct "H".

Tom Harkin
Ranking Democratic Member

TH/jnm